Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

752
2

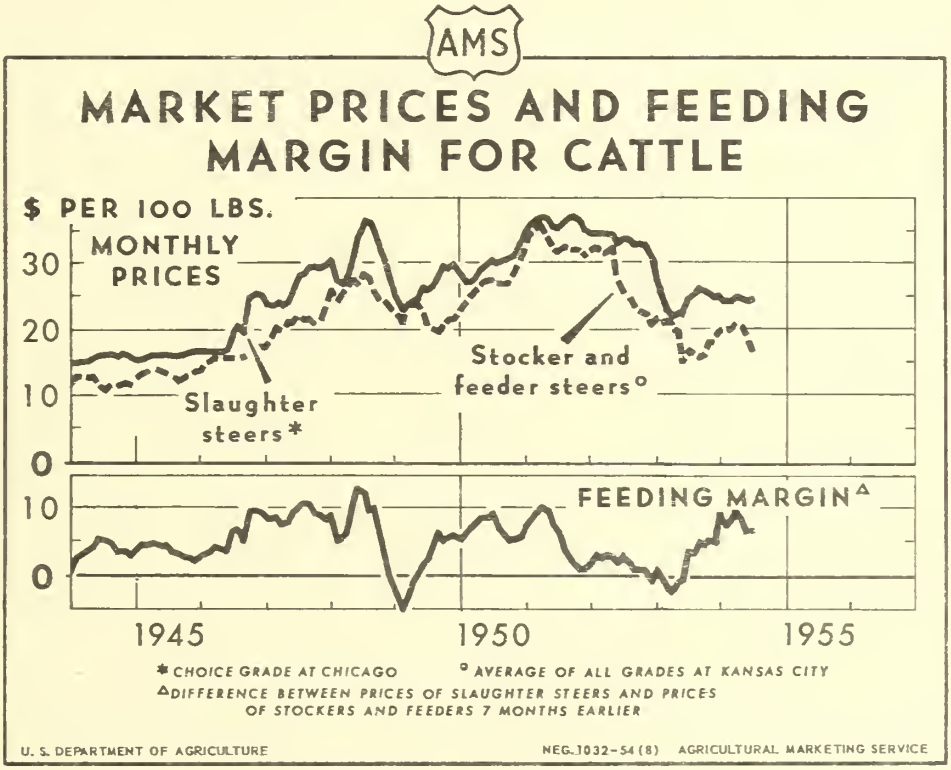
LIBRARY
CURRENT SERIAL RECORD
★ AUG 30 1954 ★
DEPARTMENT OF AGRICULTURE

FOR RELEASE
AUG. 25, A. M.
1954

The LIVESTOCK and MEAT SITUATION

LMS-73

In this issue:
Cattle Feeding in California



MARKET PRICES AND FEEDING MARGIN FOR CATTLE

* CHOICE GRADE AT CHICAGO ° AVERAGE OF ALL GRADES AT KANSAS CITY
△ DIFFERENCE BETWEEN PRICES OF SLAUGHTER STEERS AND PRICES OF STOCKERS AND FEEDERS 7 MONTHS EARLIER

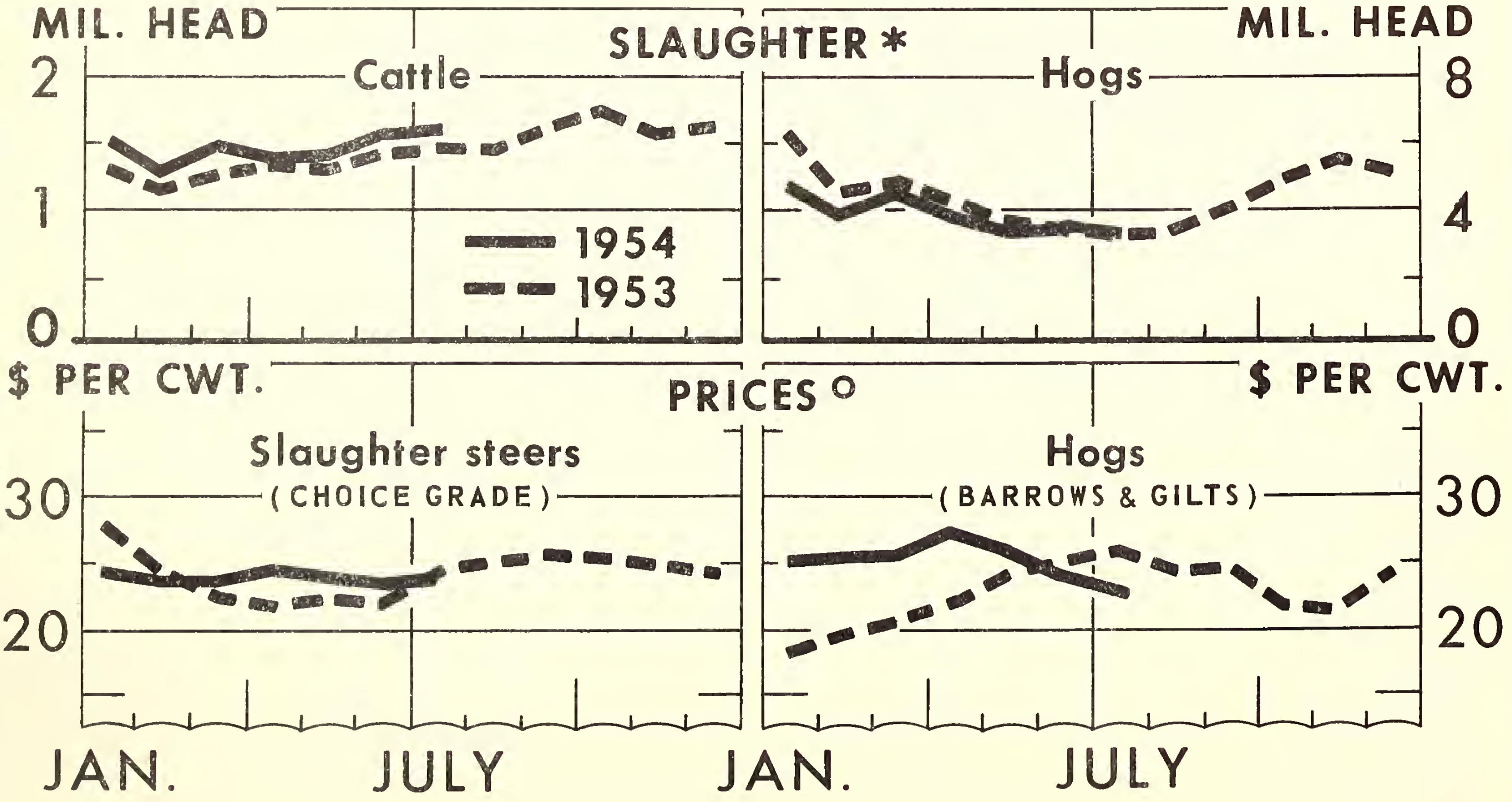
U. S. DEPARTMENT OF AGRICULTURE NEG. 1032-54 (8) AGRICULTURAL MARKETING SERVICE

Prices for fed cattle sold in 1954 have averaged $5.00 or so above prices paid for feeders last fall. This favorable feeding margin is the opposite of the small or negative margins realized a year ago, and has resulted in better than average profits in feeding.

The price margin in feeding next year will likely be smaller than this year, but probably wide enough to allow a moderate profit.

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

SLAUGHTER AND PRICES OF CATTLE AND HOGS



* FEDERALLY INSPECTED   o AT CHICAGO

U. S. DEPARTMENT OF AGRICULTURE   NEG. 678-54 (8)   AGRICULTURAL MARKETING SERVICE

THE LIVESTOCK AND MEAT SITUATION

Approved by the Outlook and Situation Board, August 18, 1954

SUMMARY

The high rate of cattle slaughter so far this year indicates that the cattle inventory next January 1 will fall a little below a year earlier. Large marketings since early summer are partly a result of dry weather in many areas. Another contributing factor is lessened interest in further expansion of beef cow herds in the Eastern Corn Belt and a few other regions, and of milk cow herds in some regions that produce cream or manufacturing milk. Although total cattle numbers will probably be down slightly next January 1, the number of cows will probably be about as large as last January. Beef production may no longer be increasing, but it will remain large.

Prices of fed steers and heifers in early August were down a little from a year earlier but prices of stocker and feeder cattle were about equal to last year. Fed cattle prices are not likely to change much this fall, while prices of grass cattle may make about their usual further seasonal decline.

Cattle feeders who bought feeder cattle last fall and sold them in the spring and summer made larger profits than usual. Following this experience, feeders appear to be more confident this fall than last. They are paying approximately the same prices for feeders as last fall even though prices of fed cattle are a little lower. Since the reduced corn crop may tend to hold down cattle feeding and hog production, prices of fed cattle next spring and summer are likely to be almost the same as this year. Profits in feeding will probably average somewhat less than the past year but considerably larger than the low returns in 1952-53. Feeders in areas having feed available will be in much more favorable position than those in dry areas where feed is short and higher in price.

Since mid-July more hogs have been slaughtered than last year. A rapid seasonal increase in slaughter is expected until mid-October, after which the rate will generally be more nearly level. Slaughter for the entire season will be up from last year in proportion to the 13 percent increase in spring pigs saved. Hog prices will trend seasonally downward and will continue considerably below the rather high prices of last fall.

The seasonal decrease in prices for lambs has been earlier and greater than usual. More sheep and lambs were slaughtered this summer than last, reflecting both the 3 percent increase in the lamb crop and a trend toward earlier marketing. There is little prospect of substantial price recovery until the fall marketing season is past, although a fairly firm demand for feeder lambs following last year's above-average profits in feeding could be a supporting factor.

REVIEW AND OUTLOOK

Cattle Slaughter Stays High

The rate of cattle slaughter began to increase seasonally in July and August and remained above a year earlier. The 1,622,000 head slaughtered under Federal inspection in July was a little above June and 8 percent greater than July last year. In the first 6 months of 1954, 10 percent more cattle were slaughtered than in the same period of 1953. Federally-inspected slaughter of steers was down slightly but cow and heifer slaughter was 31 percent greater than a year before. Total cattle slaughter remained somewhat above a year earlier in the first half of August.

Calf slaughter also is staying above last year, though the gain in July was only 4 percent.

Hot, dry weather that parched crops and pastures in the southern Corn Belt, central and southern Great Plains, and the Southeast has contributed to the high rate of cattle slaughter. On August 1, the condition of farm pastures was reported as only 59 percent of normal, the lowest for the date in 18 years. In addition, there are signs that cattle production is being cut back in some other areas, particularly in several milk producing areas and in fringe regions of beef production. The number of milk cows on farms has turned down in central and western Corn Belt States. Calf slaughter has recently exceeded last year in the northern Corn Belt, indicating that more dairy calves are going to slaughter instead of being retained for milk cows.

There is some evidence that beef cow herds are being reduced in some areas outside the traditional "beef cattle country." In both the Southeast and the Eastern Corn Belt, cow slaughter has been increased sharply--to nearly twice that of last year in June for the Southeast and around 60 percent more for the Eastern Corn Belt. In both regions, beef cattle numbers had been expanded rapidly. Many producers have had to choose between enlarging their herds further to achieve lower cost production, or reducing them so as to shift to other enterprises. Some producers apparently have chosen the latter course.

These developments do not mean that production of beef cattle is being cut back to any great extent. However, a small reduction in inventory numbers next January is in prospect. Although no data on the size of the 1954 calf crop will be available until next February, the best estimate is that net production (calf crop less deaths of all cattle and calves) will total roughly 39 million. Cattle and calf slaughter for 1954 will likely be a little greater than this number.

Beef Output, Consumption to be a New High

The larger slaughter is lifting the total output of beef to a new high, even though average slaughter weights are lighter. Total production of beef will probably approach 13 billion pounds, compared with last year's 12½ billion. Consumption of beef per person will exceed even last year's 77 pounds, which was the highest on record.

Prices of Cattle Average under Last Year; No Great Change Likely

Prices of cattle in early August varied from about the same as last August for some grades and classes to somewhat less for others. Prices of fed steers, continuing unusually stable, were about $1.00 per 100 pounds below August 1953. Prices of fed heifers were down more. Prices of slaughter calves also were less than last year. Prices of slaughter cows and of feeder steers and calves were about the same as last August.

In general, the small average reduction in price was about in line with the increase in slaughter. Prices for feeder cattle reflected improved confidence on the part of feeder buyers following fairly satisfactory profits in feeding last winter (see page 7).

No great change in cattle prices is in prospect for the remainder of the fall season. Prices of fed cattle may continue stable. The big supply of fed beef and of all beef and the increasing output of pork probably will prevent the rise that usually occurs at this time of year. Prices of feeder cattle appear to be in an average relation to prices of fed cattle and feed. Approximately the usual seasonal reduction for these as well as other grass cattle may be expected until mid-fall.

Hog Slaughter Rising; To Stay Above Last Year

Since the middle of July the number of hogs slaughtered has been above last year's rate. Slaughter will continue larger. The season's total increase will be roughly the same as the 13 percent expansion in the pig crop of last spring.

As more of the spring crop was farrowed early this year, marketings also will be earlier. This early marketing has begun, but through mid-August there has been less tendency than last year to rush hogs to market light and under-finished. Weights of barrows and gilts at central markets have been a few pounds heavier than last year.

Hog marketings and slaughter will rise very fast in September. The peak rate of slaughter could come as early as October this year. However, the rate is more likely to be stable from October through December. In 1953 slaughter was largest in November. In previous years, December was usually the top month.

Prices of hogs have already dropped markedly from April, when they were highest on record for that month. Further reductions are due, much of which may come by mid-fall. Prices of hogs are not expected to reach the low levels of 2 years ago. The supply of pork will not be unusually large compared with other years, though larger than the small quantity of last year. Also, meat packers have prepared for the increased supply of pork and lard by reducing their stocks in cold storage. On August 1, stocks of pork were 21 percent below a year earlier; and stocks of lard on July 1, the latest report available, were 61 percent smaller.

Lamb Prices Weak; Lamb Crop Larger

Prices for lambs have declined earlier and more than usual this spring and summer, and almost as much as prices of hogs. In early August lamb prices were $2.00 to $4.00 per 100 pounds less than a year before.

Market supplies of slaughter lambs, while not increasing enough to explain all the decrease in price, have recently been appreciably above last year. From January to May, 1 percent fewer lambs were slaughtered under Federal inspection than in the corresponding months of 1953. In June, however, slaughter was up 13 percent, and in July 9 percent, from the same months last year.

The larger summer slaughter reflects the increased number of lambs born and the efforts of many producers to market their lambs early, in advance of the usual seasonal price decline in late summer. The 1954 lamb crop, estimated at 20,170,000 head, is 3 percent greater than the 1953 crop. The increase was achieved despite the 350,000, or 2 percent, fewer breeding ewes on hand January 1. The national average lambing percentage (lambs saved per 100 ewes January 1), lifted by an 11-point improvement in Texas, rose 4 points to a record 94 percent. The Native States had 1 percent more lambs this year, the Western sheep States outside Texas 3 percent more, but Texas 11 percent more.

Lamb Prices Not Likely to Increase Much

Any substantial recovery in prices of slaughter lambs can hardly be expected until the peak marketing season is ended. Prices of feeder lambs, however, might rise a bit. Demand from western feeders will be weaker because supplies of feed there are small. Demand from much of the Corn Belt may be as strong or stronger. Corn Belt feeders made larger profits than usual last winter. Those who have adequate supplies of feed will probably plan to feed as many or more lambs than last winter. Total demand for feeder lambs and their prices will be affected a great deal by how well wheat pastures develop this fall. The condition of those pastures determines to a large degree the number of lambs put on them.

Corn Crop Second Smallest Since 1941

Not only pastures but feed production also was affected by the hot, dry weather in July. A corn crop of only 2,824 million bushels was estimated as of August 1. This would be 11 percent below the 1953 harvest and, except for 1947, the smallest crop since 1941.

Crops of oats, barley and grain sorghums are larger than last year, and the total outturn of all four feed grains promises to be only 1 percent below last year's. More soybean and linseed meal but less cottonseed meal will be available this year than last. Because of large stocks of feed grains in government storage the 1954-55 supply of all feed concentrates will be about the same as this past year. The 1954 hay crop is estimated as 4 percent less than last year.

If production of corn is about as indicated on August 1, it will not fill all the needs in the coming feeding year and some corn will be withdrawn from the large reserves on hand. A record carryover of about 900 million bushels of corn is in prospect October 1, the major part of which is held in Government storage. If the corn crop is no larger than indicated, corn prices would be expected to average higher in 1954-55 than in 1953-54. Average prices received by farmers probably would advance above the support level in the latter part of the marketing year, whereas they have remained below the supports during the past 2 years.

The amount of corn that will be withdrawn from Government storage and the extent of the price rise may be influenced by the recently enacted legislation (The Agricultural Act of 1954) whereby CCC stocks of feed grains can be made available until March 1, 1955 at reduced prices at point of storage. Previously, the release price was 5 percent above the current support price plus reasonable storage costs. Under the new legislation the release is 10 percent above the support price but is not increased by the storage charge.

The dry weather, by stimulating marketings and slaughter of cattle, adds to the supply of meat this year; and it detracts from that in prospect for next year. Both the number of cattle fed next winter and the number of pigs raised next spring will be restricted by the feed production. If a big corn crop had been raised, both would probably have increased considerably.

Profits in Feeding Cattle Greatly Improved in Past Season

Feeders of cattle earned more than average profits this past year after an unprofitable season in 1952-53. Comparisons of prices and costs for a standard Corn Belt program show a return of $39.00 per head over enumerated costs this year. This is more than an average return and contrasts with a loss of $24.00 the previous year (table 1).

Selling prices for fed steers were $1.50 per 100 pounds higher this spring than last, and costs of feed were slightly less; both helped to increase profits. But the major change was in the cost of feeder cattle. Buyers of feeder cattle in the fall of 1953, remembering the previous year's losses and noting the lower prices for fed cattle, refused to buy except at sharp price reductions. As a result, prices for feeder steers at Kansas City decreased $6.50 per 100 pounds from the year before (to $16.36 from $22.86). The price was low enough that profits proved to be a little above average.

These comparisons apply to a representative program for short feeding of yearling steers in the Corn Belt. The costs and returns on each farm will differ somewhat from the figures shown. Several miscellaneous costs and credits are not included in the calculations.

Table 1.- Specified average prices and costs in the feeding of steers in the Corn Belt, 1946-54

Item	Season							
	1946-47	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Average price per 100 pounds for Choice grade beef steers sold out of first hands, Chicago, April-July	25.26	32.59	25.40	29.36	36.15	33.69	22.70	24.24
Average cost of feeder steers at Kansas City per 100 pounds, August-December 1/	16.37	21.75	25.00	20.65	27.73	31.71	22.86	16.36
Average price per bushel of corn, North Central States, September-July	1.490	2.201	1.239	1.175	1.511	1.638	1.438	1.401
Average price per ton received by farmers for alfalfa hay, North Central States, September-July 2/	22.37	24.37	23.96	21.48	21.34	20.79	23.23	21.88
Average wholesale price per ton for soybean meal, 41 percent protein, Chicago, September-July 3/	76.78	94.19	74.06	75.85	75.34	88.66	82.85	88.29
				Total	value			
Market value at Chicago for Choice grade beef steer, market weight 1,050 pounds	265.23	342.20	266.70	308.28	379.58	353.74	238.35	254.52
Market cost at Kansas City of 700 pound feeder steer	114.59	152.25	175.00	144.55	194.11	211.97	160.02	114.52
Cost of transportation from market to feeder	2.55	2.73	3.61	3.96	3.96	4.21	4.14	4.21
Cost of 45 bushels of corn	67.05	99.04	55.76	52.88	68.00	73.71	64.71	63.05
Cost of 0.75 tons of alfalfa hay	16.78	18.28	17.97	16.11	16.00	15.59	17.42	16.41
Cost of 150 pounds of soybean meal	5.76	7.06	5.55	5.69	5.65	6.65	6.21	6.62
Transportation and marketing expense	6.27	7.57	8.65	8.97	9.18	10.12	10.29	10.46
Total of cost items shown 4/	213.00	286.93	266.54	232.16	296.90	332.25	262.79	215.27
Margin of market value of steer over total of cost items shown 4/	52.23	55.27	0.16	76.12	82.68	21.49	-24.44	39.25

1/ Average all weights and grades. 2/ Prices for 1946-47 and 1947-48 estimated from price paid for baled alfalfa hay, United States. 3/ July 1950 to date, 44 percent protein. 4/ Does not include overhead costs, cost of pasture or other feed ingredients and death loss, or credits for manure and for hogs following steers. In some estimates, the net additional cost is assumed to be 10 percent of the feed cost. The feed ration and prices shown are designed to be fairly representative of average feeding experience in the Corn Belt, but do not necessarily coincide with the experience of individual feeders.

Feeding Profits Somewhat Less Than Last Year in Prospect for 1954-55

Feeding of cattle is essentially a process of adding weight and improving the grade of feeder animals. The price spread between cattle of feeder grades and those of the fed cattle grades provides opportunity for profits in feeding. Whether or not a profit can be realized depends on how this spread compares with the costs in feeding, primarily feed cost.

Table 2.- Comparisons between prices per 100 pounds for fed steers and feeder cattle, August 1952, 1953 and 1954

Grade and class	August 1952	August 1953	2 weeks ended August 14, 1954
Slaughter steers at Chicago			
Choice	33.02	25.28	24.00
Commercial	26.59	17.58	17.35
Difference -			
dollars	- 6.43	- 7.70	- 6.65
percent	-19.5	-30.5	-27.7
Feeder cattle at Kansas City			
Choice steers, 500-800 lb.	30.92	19.52	19.88
Good steers, 500-800 lb.	27.90	16.84	17.94
Difference -			
dollars	- 3.02	- 2.68	- 1.94
percent	- 9.8	-13.7	- 9.8
Difference between prices of Choice slaughter steers and Good feeder steers -			
dollars	- 5.12	- 8.44	- 6.06
percent	-15.5	-33.4	-25.2

Market prices compiled from Market News, Livestock Division

During the decline in cattle prices from 1951 to 1953, prices of the lower grades of cattle were reduced most. The widening spread allowed opportunity for profitable grade-raising through feeding. The price data of table 2 show that price spreads widened between respective grades of slaughter cattle and between those of feeder cattle, and between the slaughter and feeder classes as well. On a percentage basis, the difference between Choice and Commercial slaughter steers increased from 20 to 30 percent between August 1952 and August 1953. The spread between Choice and Good feeder steers widened from 10 to 14 percent. And that between Choice slaughter steers and Good feeders went from 16 to 33 percent.

These adjustments swung a little too far. The tendency this fall is for price spreads to be a little narrower than last fall, although not unusually narrow. This is especially true for the spread between prices of fed and feeder steers, as market price data show that feeders are being bought on a narrower price spread than a year ago. The spread between Choice fed steers at Chicago and Good feeders at Kansas City in early August was $6.06 compared with $8.44 in August last year. The smaller price difference reflects feeders' improved confidence following their larger profits last winter.

In other words, due to their greater confidence feeders are willing to pay as much for feeder cattle this fall as last even though prices of fed cattle are a little lower.

The over-all prospect is that at these paying prices cattle feeders will earn less profit than last winter but considerably more than the preceding winter. Prices of feeder stock probably will not differ much from last fall and prices of feed will likely be somewhat higher. The prospect, viewed at this time, is for prices of fed cattle next spring to be roughly the same as this spring. This price outlook, though highly approximate, is based on the likelihood that the smaller corn crop will prevent the sizable increase in total meat supply next year that had been anticipated. Since a strong demand for beef has been demonstrated by the steady prices that have accompanied the record beef output this year, no substantial change in fed cattle prices next spring is in view.

If in the specifications of the feeding program in table 1, about the same price for fed steers is assumed for next year and the cost of feed is increased a little, the prices for feeder steers this fall would allow reasonably good profits to be earned.

By the same analysis, since prices of feeder cattle, feed and fed cattle seem to be in an approximately normal relation to each other, prospective further seasonal declines in prices of feeder cattle seem likely to be of only about average size. However, either a downturn in fed cattle prices or very large marketings would doubtless cause a greater dip in feeder prices.

Drought Programs in 7 States

A drought-aid program was reinstituted this summer. By August 18, 243 counties in 7 States had been designated drought disaster areas--Colorado, 23 counties; Texas, 42; Wyoming, 13; New Mexico, 24; Oklahoma, 37; Missouri, 76; and Arkansas, 28.

Table 3 .- Price of Choice grade slaughter steers at Chicago and of all stocker and feeder steers at Kansas City, and 7 months lagged margin, by months, 1953 to date

(Data for cover page)

Year and month	Price per 100 pounds		Margin between slaughter steers, and stockers and feeders 7 months previous 2/
	Choice grade slaughter steers, Chicago	Stocker and feeder steers, Kansas City 1/	
	Dollars	Dollars	Dollars
1953			
January	27.84	21.73	0.63
February	24.49	20.91	- .75
March	22.68	21.19	-2.49
April	21.99	19.91	-1.58
May	22.36	19.80	- .40
June	22.04	15.22	- .27
July	24.41	16.75	3.91
August	25.28	15.78	3.55
September	25.87	15.07	4.96
October	25.63	15.74	4.44
November	25.03	17.56	5.12
December	24.37	17.63	4.57
1954			
January	24.74	19.83	9.52
February	23.86	20.02	7.11
March	23.89	19.81	8.11
April	24.83	20.62	9.76
May	24.25	20.44	8.51
June	23.88	18.20	6.32
July	23.99	16.12	6.36
August 3/	24.00	17.40	4.17
September			
October			
November			
December			

1/ Average for all weights and grades.

2/ Margin between prices of Choice grade slaughter steers at Chicago for current month shown and of stocker and feeder steers at Kansas City 7 months previously.

3/ Average for first 2 weeks.

Market price data compiled from Market News, Livestock division.

Eligible farmers and ranchers in drought designated counties will be able to obtain corn, grain sorghums, oats and barley at a price 60 cents per hundredweight below the market price, and mixed feed at an equivalent reduction.

Federal-State cooperative hay distribution agreements have been arranged between the USDA and Wyoming, Oklahoma, Texas and Colorado. Under the cooperative hay program Federal funds are available to pay transportation costs up to 10 dollars per ton or not more than half the average transportation rate, whichever is less, on purchase of hay by eligible farmers.

Farmers Home Administration loans are available to help farmers and ranchers meet their credit needs. These include the regular FHA loans that can be made to small producers in all areas, and economic or production disaster loans that are made in designated areas (not necessarily the same as drought areas). In addition, emergency livestock loans are available to established producers and feeders of cattle, sheep and goats regardless of location who have a reasonable chance of working out their difficulties but cannot obtain funds from private or cooperative credit sources. Loans will not be made to enable a man to go into the livestock business or carry on commercial feed lot operations.

County Committees of the Farmers Home Administration will determine eligibility for participation in all these programs. A primary consideration will be the need of producers for help in maintaining their basic herds of cattle, sheep and goats.

Shorn Wool Production Down Slightly

About 229 million pounds of wool has been or will be shorn this year. This is slightly less than in 1953 and 14 percent less than the average of the previous 10 years. The number of sheep shorn this year was 3 percent less than a year ago, but the average weight per fleece of 8.56 pounds was a record high. Shorn wool production was nearly the same as a year ago in the 13 western sheep States with gains in South Dakota, Texas, Idaho, Arizona, Oregon and California. It was down 1 percent in the Native States.

New Agricultural Act Authorizes Payments to Wool Producers

To encourage an increase in the annual domestic production of wool, the Agricultural Act of 1954 authorizes supporting wool prices by means of "loans, purchases, payments and other operations". The support price may be as high as 110 percent of parity, but only the direct payment method may be used for supporting above 90 percent of parity. Payments to producers as a means of price supports are authorized for the first time. The authorized program is to be effective for the 4 years beginning April 1, 1955.

FEEDING OF CATTLE IN CALIFORNIA

by George N. Tucker, Jr.

Agricultural Marketing Service
Sacramento, California

Feeding of cattle, normally thought of as a Corn Belt enterprise, has expanded rapidly in the West. As the following article explains, feeders in California have used many feeds to replace corn. In the Corn Belt most cattle go into feedlots in the fall, when the grazing season ends, while marketings out of feedlots are spaced fairly evenly throughout the year (See this Situation, July-August 1952, pp. 15-20). California differs in that there is a spring grazing season that ends in June. Almost as many cattle are on feed there on July 1 as January 1. As most California feeding is of only 3 or 4 months, marketings out of feedlots are large throughout the fall and winter and are smallest in April-June.

Until recent years feedlot finishing of cattle has played a minor role in California's beef cattle industry, but in 1948 a sharp expansion began. During 1953 marketings of cattle finished in California feedlots were estimated at more than one million head, which ranks the State among the leading cattle feeding States of the country. Comparable data on marketings before 1953 are not available, but January 1 feedlot inventories show part of the growth. On January 1, 1930, 57,000 head of cattle and calves in the State were being finished for market. During the 1930's the January 1 inventories increased erratically, but averaged only 90,000 for the 10-year period. From 1940 until 1948 inventories fluctuated between 125,000 and 170,000. On January 1, 1954 feedlot inventories were estimated at 350,000 head--6 times the 1930 number.

Many other changes have accompanied this development. Overall cattle and calf numbers have increased about 60 percent during the 24-year period. Slaughter has more than doubled, and since 1951 slaughter of cattle (excluding calves) in California has been the highest of any State. The population in the State has increased from 5 2/3 to nearly 12 1/2 million people within the last 24 years, placing increasingly heavy demands on local beef and veal production, which is still substantially less than California consumption.

Increased feedlot operations have not altered the fact that California is a grass cattle State producing a vast amount of range forage and other roughage. About 60 million acres of California's 100 million total acres are classed as grazing land. About half of this area is considered of economic value. Irrigated pasture acreage, still increasing, has been expanded from 235,000 acres in 1940 to some 777,000 acres at present. Feed production on these irrigated acreages has been notably improved at the same time. Increases have also taken place in the supply of by-product concentrate feeds such as cottonseed meal, beet pulp, and a variety of others.

To utilize these resources California ranchers depend on large inshipments of stocker and feeder cattle and calves from the other Western States. Arizona, Texas, Oregon, Nevada, Montana, New Mexico and Colorado supply the bulk of the stocker and feeder cattle. Annual inshipments of stockers and feeders have ranged from 617,000 to 1,075,000 head during the last 5 years. Most of the movement occurs during the fall. Imports which do not go directly to feedlots are roughed through by California ranchers during the early part of the winter on dry range feed and some supplemental hay until range feed becomes available. When the spring grass season ends in May and June these cattle move into slaughter channels, feedlots, beet top fields and irrigated pastures. Until recently a large share of these cattle were slaughtered without additional concentrate feeding. Now a much greater share is put through feedlots for a comparatively short finishing period on grain feed. The feedlot thus serves as an extension of the grass fattening program.

During the recent expansion, feeding as a separate enterprise has enlarged in nearly all areas and the number of feedlots has doubled. Large commercial feeders have accounted for the biggest share of the increase. It is estimated that within the State there are approximately 550 farms and ranches with feedlot facilities out of a total of 145,000 farms. Even within this small group, a few operators handle the large bulk of the cattle. As shown below, 139 feeders have a capacity to feed 1,000 head or more at one time. This group regularly holds 90 percent of the inventories of cattle on feed and accounts for a corresponding percentage of the fed cattle marketed. Included in the large group are several feedlots with facilities for over 20,000 head at a time. There are also a substantial number that can handle between 10,000 and 20,000 head. "Farm feeding" as it is known in the Mountain States and in the Corn Belt has never been important in California.

Feedlot Capacity (Head)	Number of Feedlots	Capacity (Head of adult cattle)	Cattle on feed January 1, 195
100 & less 1/	152	12,000	4,400
101 - 501	176	55,000	20,600
501 - 1,000	40	34,000	7,800
1,000 & over	139	554,000	317,200
	507	655,000	350,000

1/ Includes many intermittent operators with very little equipment other than feeding pens.

Feeding is concentrated largely in the Imperial and Palo Verde Valleys, the Los Angeles area and the San Joaquin Valley. The 10 Southern California counties account for over 50 percent of the lots, and generally for 2/3 or more of the cattle. Feedlots are scattered throughout the Sacramento Valley and the Central and South Coastal areas, and some winter feeding is done in the Northeast mountain sections.

The Imperial and Palo Verde Valleys are irrigated desert areas, with little rainfall and mild winters. Large areas of good irrigated pastures are available and hay production is substantial. Alfalfa stands in these valleys are also used for grazing cattle and sheep during the winter months when growth is comparatively slow. A large number of cattle and calves are pastured on these roughages and on field feeds such as beet tops and vegetable culls, until they develop to good feeder weights and are moved into adjacent feedlots for a short finishing period. This practice varies considerably depending on current economic relationships. In the Los Angeles area and the San Joaquin Valley irrigated pastures and alfalfa hay supplies are important factors; however, winter conditions are not as advantageous for dry-lot feeding due to the seasonal rainfall.

Large lots have developed at special locations in these areas and others. A few are located at sugar beet processing plants where wet pulp is used as the main feed and others are spotted at cottonseed processing plants close to meal and hull supplies. Other comparatively large feedlot operations were developed in connection with big range and farming operations and the cattle fed are basically those owned by the operator.

In the Northern part of California, particularly in the mountain areas, cow and calf outfits predominate and feeding is done mostly during the winter period. Some producers feed cattle each year, but the number increases when prices for feeder cattle are low.

The custom or commercial feeder serves an important function as a specialist in scientific feeding. He offers his skill and experience in buying feed and fattening cattle as well as providing close attention, which is not always possible for the small feeder. Commercial feeders rely heavily on feed analysis data and experimental work in combining a multitude of feeds to get specific combinations of proteins, carbohydrates and other elements for most efficient results. Mechanical feed mixers and bulk handling of feeds result in great savings in labor and make it possible to use a large variety of by-produdt materials which are available. Rations are generally compounded to very exact specifications. Alfalfa hay, barley, cottonseed meal, molasses and beet pulp are the most important basic feeds, but in varying amounts all of the following feeds are used at times: citrus pulp, cottonseed hulls, prunes, raisins, figs, dates, grape pumice, safflower meal, corn, milo, oats, almond hulls, rice bran, copra and soybean meal, molasses substitutes, sugar and tallow.

Charges for commercial or custom feeding are determined in many ways. Flat daily rates are used at times, and occasionally actual weight gains are used to determine payments. Another method is to calculate a daily charge based on the cost of 3 or 3 1/2 pounds of the ration per 100 pounds liveweight and the cost of 7 additional pounds of feed per head to cover handling and feeding. The main practice now is to charge for the feed that is delivered to each lot of cattle. The type of ration and the weight of each wagonload is tallied for the individual lots as the load is weighed. The feedlot operator calculates the cost of the feed used during the period completed and adds $5.00 to $7.00 per ton to cover his operation. The cost of each of the various rations is determined frequently--every 15 or 30 days-- and feed bills are sent at these times.

Some feeders can supply as many as 6 or 8 different rations depending on the condition of the cattle, their weight and the customer's objective in feeding. Most feeders have 3 main rations: a starter, a medium feed, and a higher protein finishing feed.

A commercial feedlot may have cattle from only a few individuals or from as many as 50. A "lot" of cattle from one owner may consist of 50 head or 1,000 head, and each owner may have several "lots" at one time. Packers have been consistently the biggest customer of the custom-feeder. Since farm feeding in California is very limited and cattle feeding in adjacent States is not extensive, packers feed most of the time to help maintain their supply of fed cattle. The next most important customer is a buyer or trader who brings in feeder cattle during the fall months and carries them on ranges and pastures until the next spring and fall. As these cattle develop they are placed in feed-lots for 90 to 120 days on grain and concentrates. Producer-owners and the feedlot operators themselves account for the rest of the custom feeding.

A variation in pasture feeding known as green-chop feeding has recently attracted considerable attention. Cattle are held in dry lots, and standing alfalfa is cut, chopped and then hauled to the pens. Increased yields of beef are obtained per acre and the right type of cattle make good gains at a comparatively low unit cost. Many variations of this method exist. Dry hay or cheap roughage is used along with the green feed in most cases and very small amounts of grain and concentrates are used by some. Nearly all of these cattle are finished on heavy concentrate rations after the "green-feed" stage. Some commercial feeders are equipped to supply this type of feed for their customers.

From 1930 to 1953 estimates of the number of cattle on feed in California were made for December 1 and January 1 each year. Quarterly estimates were initiated in California beginning January 1, 1953. Since the number of feeders was comparatively small and individual holdings varied so greatly, survey procedures were developed that would insure a complete coverage of all substantial feeding operations and a maximum coverage of all the small feeders 1/. Survey results are published to show the main areas in order to meet the expressed needs of local users of the information.

1/ All lots are circularized by mail for the quarterly surveys and the staff completes the survey by an intensive personal follow-up the last 10 days before the report is completed.

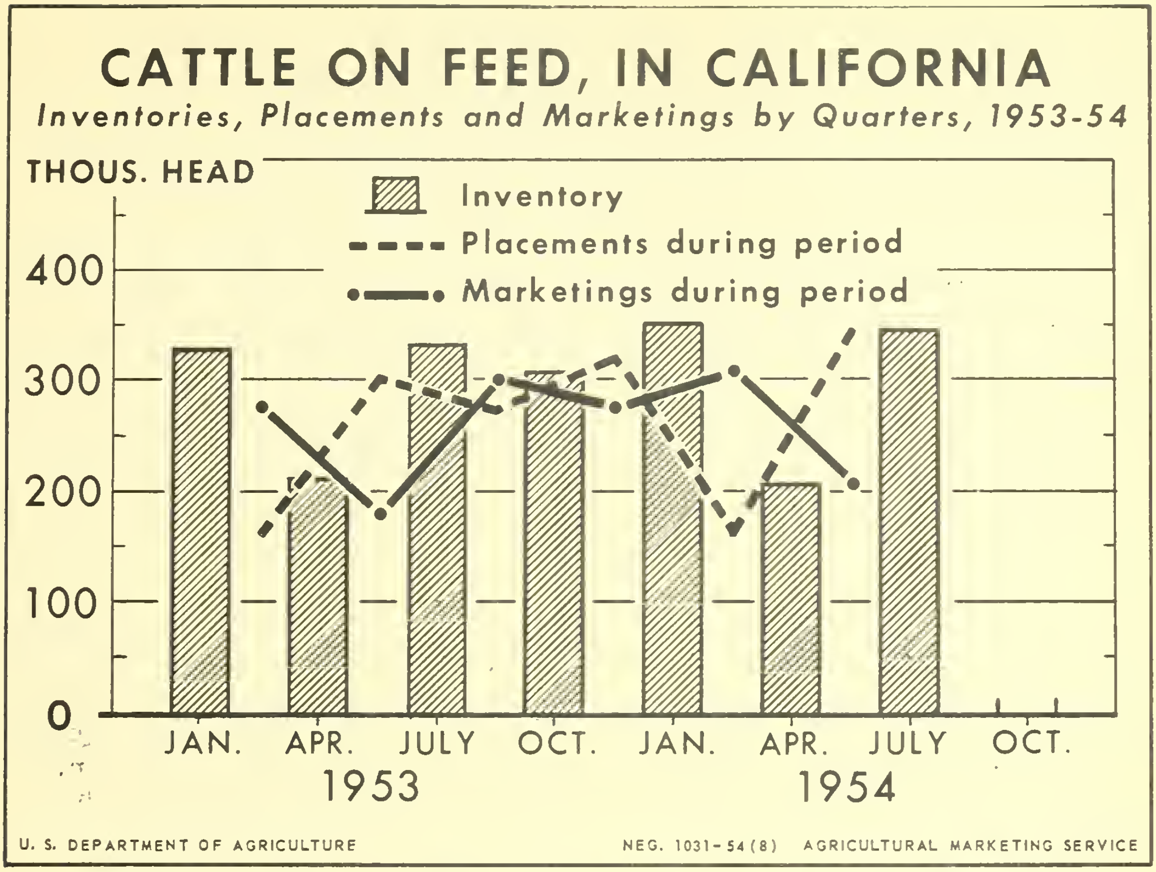


Table 4.- Cattle on feed in California: Inventory, placements and marketings, by quarters, 1953 and 1954

Quarter	Number on feed beginning of quarter	Movement during quarter: Placed on feed	Movement during quarter: Marketed	Number on feed end of quarter
	1,000 head	1,000 head	1,000 head	1,000 head
1953				
Jan.-Mar.	327	161	277	211
Apr.-June	211	302	180	333
July-Sept.	333	274	300	307
Oct.-Dec.	307	320	277	350
1954				
Jan.-Mar.	350	164	308	206
Apr.-June	206	344	206	344
July-Sept.	344			

Since the feeding period is comparatively short, estimates of marketings show the size of the feeding industry more clearly than do the inventory numbers as of a single date. During 1953, when the January inventory was 327,000 head, marketings of California-fed cattle were estimated at 1,034,000 head. Iowa, the leading feeding State, marketed 1,663,000 head during the same period. Illinois and Nebraska together marketed some 1,901,000.

The relatively short period of feeding extends the normal season for slaughter of cattle by 3 or 4 months. Nevertheless, uniformity of marketings throughout the year is not fully achieved. Feed-lot inventories usually are highest in December. A secondary peak normally occurs in the first part of July as cattle move from California spring ranges. In recent years the July level has been nearly as high as that of December. Marketings are comparatively large in July-September and even larger in January-March. They are smallest in April-June (see chart and table 4).

Cattle feeding in California will probably remain at a high level in the near future at least. The population of the State is expected to increase considerably more. Current income levels contribute to a demand for the better quality meat produced by grain-fed animals. More pasture and better-producing pasture mixes are being emphasized and production of feed grains is still increasing. Facilities for slaughter, processing and distribution of the meat and meat products are already available.

Selected price statistics for meat animals 1/

Item	Unit	1953		1954		
		June	July	May	June	July
Cattle and calves						
Beef steers, slaughter	Dollars per 100 pounds					
Chicago, Prime		22.84	26.21	26.67	25.72	25.47
Choice	do.	22.04	24.41	24.25	23.88	23.99
Good	do.	20.53	22.33	21.79	21.57	21.53
Commercial	do.	17.67	18.44	18.99	18.72	17.53
Utility	do.	14.56	14.47	16.42	15.99	14.22
All grades	do.	21.73	24.26	23.54	23.49	23.47
Omaha, all grades	do.	20.50	23.37	22.46	22.34	22.19
Sioux City, all grades	do.	20.32	23.42	22.25	22.31	22.23
Cows, Chicago						
Commercial	do.	14.18	13.89	15.18	14.18	12.63
Utility	do.	12.20	12.04	13.50	12.38	10.63
Canner and Cutter	do.	9.98	10.05	11.52	10.59	8.76
Vealers, Choice and Prime, Chicago	do.	21.32	22.40	23.80	20.50	18.12
Stocker and feeder steers, Kansas City 2/	do.	15.22	16.75	20.44	18.20	16.12
Price received by farmers						
Beef cattle	do.	16.00	17.10	17.60	16.90	15.80
Veal calves	do.	16.50	16.80	18.40	17.50	16.10
Hogs						
Barrows and gilts						
Chicago						
160-180 pounds	do.	23.87	24.50	25.78	24.29	22.29
180-200 pounds	do.	25.35	26.27	27.07	25.24	23.34
200-220 pounds	do.	25.39	26.41	27.15	25.25	23.47
220-240 pounds	do.	25.34	26.33	26.80	24.80	23.13
240-270 pounds	do.	24.97	25.91	25.99	23.80	22.18
270-300 pounds	do.	24.45	25.07	25.08	22.58	20.79
All weights	do.	25.12	26.05	26.05	24.02	22.56
8 markets 3/	do.	24.74	25.92	26.09	24.22	22.78
Sows, Chicago	do.	21.03	21.37	21.23	18.52	17.21
Price received by farmers	do.	22.80	23.70	25.70	21.70	21.20
Hog-corn price ratio 4/						
Chicago, barrows and gilts	do.	16.2	16.4	16.4	14.9	13.9
Price received by farmers, all hogs	do.	15.6	16.1	17.5	14.6	14.1
Sheep and lambs						
Sheep						
Slaughter ewes, Good and Choice, Chicago	do.	5.72	5.75	5.88	6.03	4.70
Price received by farmers	do.	6.39	6.08	7.01	6.66	5.78
Lambs						
Slaughter, Choice and Prime, Chicago	do.	26.62	26.31	23.00	24.52	22.28
Feeding, Good and Choice, Omaha	do.	---	17.94	---	---	---
Price received by farmers	do.	21.80	21.60	21.80	20.30	19.50
All meat animals						
Index number price received by farmers (1910-14=100)		300	319	331	299	286
Meat						
Wholesale, Chicago	Dollars per 100 pounds					
Steer beef carcass, Choice, 500-600 pounds		37.15	40.18	40.01	39.46	38.98
Lamb carcass, Choice, 40-50 pounds	do.	48.05	52.52	48.35	43.36	46.50
Composite hog products:						
Including lard						
72.84 pounds fresh	Dollars	25.46	26.67	27.97	26.15	24.85
Average per 100 pounds	do.	34.95	36.61	38.40	35.90	34.56
71.19 pounds fresh and cured	do.	28.89	30.05	31.90	30.01	29.20
Average per 100 pounds	do.	40.58	42.21	44.81	42.15	41.02
Excluding lard						
56.19 pounds fresh and cured	do.	26.82	27.76	28.53	26.91	26.06
Average per 100 pounds	do.	47.73	49.40	50.77	47.89	46.38
Retail, United States average	Cents per pound					
Beef, Choice grade		67.0	65.8	68.3	68.8	
Pork, excluding lard	do.	57.7	59.0	58.7	57.8	
Index number meat prices (BLS)						
Wholesale (1947-49=100)		91.3	96.9	99.1	92.9	94.3

1/ Annual data for most series published in Statistical Appendix to this Situation, released March 5, 1954.
2/ Average all weights and grades.
3/ Chicago, St. Louis N. S. Y., Kansas City, Omaha, Sioux City, S. St. Joseph, S. St. Paul, and Indianapolis.
4/ Number bushels of corn equivalent in value to 100 pounds of live hogs.

Selected marketing, slaughter and stocks statistics for meat animals and meats 1/

Item	Unit	1953		1954		
		June	July	May	June	July
Meat animal marketings						
Index number (1935-39=100)		152	137	145	144	
Stocker and feeder shipments to 9 Corn Belt States	1,000					
Cattle and calves	head	184	211	181	130	174
Sheep and lambs	do.	102	136	147	90	100
Slaughter under Federal inspection						
Number slaughtered						
Cattle	do.	1,450	1,498	1,439	1,570	1,622
Steers	do.	890	849	815	881	
Heifers	do.	135	165	155	166	
Cows	do.	371	431	429	474	
Calves	do.	586	616	561	622	640
Sheep and lambs	do.	1,055	1,108	1,045	1,200	1,209
Hogs	do.	3,607	3,276	3,380	3,453	3,325
Percentage sows	Percent	27	30	17	34	
Average live weight per head						
Cattle	Pounds	962	954	960	944	
Calves	do.	235	245	218	241	
Sheep and lambs	do.	88	90	95	90	
Hogs	do.	261	263	261	274	
Average production						
Beef, per head	do.	541	530	538	526	
Veal, per head	do.	133	138	121	135	
Lamb and mutton, per head	do.	42	43	46	44	
Pork, per head 2/	do.	148	150	150	156	
Pork, per 100 pounds live weight 2/	do.	57	57	58	57	
Lard, per head	do.	36	37	37	40	
Lard, per 100 pounds live weight	do.	14	14	14	15	
Total production	Million					
Beef	pounds	782	793	770	822	
Veal	do.	78	85	68	84	
Lamb and mutton	do.	45	47	48	52	
Pork 2/	do.	533	489	505	538	
Lard	do.	131	120	125	137	
Total commercial slaughter 3/						
Number slaughtered	1,000					
Cattle	head	1,927	2,035	1,964	2,116	
Calves	do.	973	1,013	948	1,059	
Sheep and lambs	do.	1,203	1,259	1,177	1,354	
Hogs	do.	4,448	4,106	4,205	4,270	
Total production	Million					
Beef	pounds	999	1,034	1,009	1,067	
Veal	do.	128	138	115	138	
Lamb and mutton	do.	50	54	54	59	
Pork 2/	do.	644	597	616	649	
Lard	do.	150	140	145	157	
Cold storage stocks first of month 4/						
Beef	do.	195	177	147	127	115
Veal	do.	16	14	13	11	12
Lamb and mutton	do.	15	13	9	8	9
Pork	do.	460	414	421	385	346
Total meat and meat products 5/	do.	818	749	706	653	605

1/ Annual data for most series published in Statistical Appendix to this Situation, released March 5, 1954.

2/ Excludes lard.

3/ Federally inspected, and other wholesale and retail.

4/ August 1, 1954 cold storage stocks are as follows: Beef, 110 million pounds; veal, 13; lamb and mutton, 8; pork, 279; total meat and meat products, 525.

5/ Includes stocks of sausage and sausage room products, canned meats and canned meat products, and edible offals, in addition to the four meats listed.

U. S. Department of Agriculture
Washington 25, D. C.

Penalty for private use to avoid
payment of postage $300

OFFICIAL BUSINESS

AMS-LMS-73-8-54

NOTICE

If you no longer need this publication, check here ☐ return this sheet, and your name will be dropped from the mailing list.

If your address should be changed, write the new address on this sheet and return the whole sheet to:

Agricultural Marketing Service,
United States Department of
Agriculture
Washington 25, D. C.